

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-10 SS-15 L-03 H-02 AID-05 CEA-01

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01

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NSC-05 DODE-00 PA-01 USIA-06 PRS-01 DOTE-00 /093 W

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R 171748Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2058

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

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AMCONSUL BELFAST

AMCONSUL EDINBURGH

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E.O. L1652: N/A

TAGS: ELAB, UK, PINT

SUBJECT: RAILWAY STRIKE THREAT ADDS OMINOUS NOTE TO GOVERNMENT SEARCH FOR A SOLUTION TO THE ECONOMIC CRISIS

REF: LONDON 9089

SUMMARY - THIS IS A BUSY WEEK FOR THE BRITISH GOVERNMENT AND THE ECONOMY. THE NATIONAL UNION OF RAILWAYMEN IS STILL PLANNING TO STRIKE AT 0100 HOURS ON JUNE 23, BUT  
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THE STALEMATE MAY BE BROKEN FOLLOWING TALKS EARLIER TO-

DAY (JUNE 17) BETWEEN EMPLOYMENT SECRETARY MICHAEL FOOT, ENVIRONMENT SECRETARY ANTHONY CROSLAND AND NUR GENERAL SECRETARY SID WEIGHELL. A MEETING OF THE BOARD OF BRITISH RAIL LATE THIS AFTERNOON MAY RESULT IN NEW PROPOSALS TO THE UNION WHICH COULD DEFLECT THE LATTER FROM ITS STRIKE PATH. IN THE MEANWHILE, THE PRIME MINISTER IS PRESIDING TODAY OVER AN IMPORTANT MEETING OF THE NATIONAL ECONOMIC DEVELOPMENT COUNCIL IN WHICH GOVERNMENT, TUC AND THE CBI WILL BE DISCUSSING THE OVERALL ECONOMIC CRISIS. PARALLEL PRIVATE SESSIONS BETWEEN THE TUC AND THE CBI WILL ALSO BE TAKING PRELIMINARY SOUNDINGS ON A NEW WAGES POLICY ALTHOUGH BOTH SIDES OF INDUSTRY ARE STILL FAR APART AS TO WAYS AND MEANS TO ACHIEVE IT. END SUMMARY.

1. THE RAILWAY DISPUTE IS IMPORTANT NOT ONLY BECAUSE OF THE OBVIOUS DAMAGE WHICH THE STRIKE COULD DO TO AN ECONOMY ALREADY IN TROUBLE, BUT A NATIONAL RAILWAY STRIKE -- WHICH IS BOUND TO DRAW IN OTHER UNIONS -- COULD HAVE A DISASTROUS EFFECT ON CURRENT EFFORTS BY THE TUC, WITH THE GOVERNMENT'S ENCOURAGEMENT, TO DEVELOP A NEW ANTI-INFLATIONARY WAGES POLICY. IF BRITISH RAIL (READ BRITISH GOVERNMENT FOR ALL PRACTICAL PURPOSES) CAPITULATES COMPLETELY TO THE NUR SUPRA SOCIAL CONTRACT DEMANDS (THE RAILWAYMEN ARE SEEKING INCREASES WHICH GO UP TO 35 PERCENT), THIS COULD ALSO DAMAGE THE CREDIBILITY OF ANY NEW WAGES POLICY WHICH THE TUC AND THE CBI MAY EVENTUALLY HAMMER OUT. WHAT MOST OBSERVERS ARE HOPING IS THAT BRITISH RAIL WILL "SWEETEN" ITS OFFER SUFFICIENTLY TO SAVE EVERY ONE'S FACE WITHOUT DESTROYING THE CREDIBILITY OF THE GOVERNMENT. (THIS MEANS AN OFFER BETTER THAN THE ORIGINAL 27 PERCENT BUT FAR SHORT OF THE 35 PERCENT MAXIMUM SOUGHT BY THE NUR.)

2. MEANWHILE, THE PRIME MINISTER IS PRESIDING OVER THE NATIONAL ECONOMIC DEVELOPMENT COUNCIL (NEDC) MEETING. THIS IS A TRI-PARTITE GROUP WHICH GATHERS TOGETHER LEADERS OF THE TUC, THE CBI AND THE GOVERNMENT. AS IN THE PAST, THE NEDC MEETING WILL PROVIDE A LOCUS FOR PRIVATE MEETINGS BETWEEN THE TUC AND THE CBI FOR PRELIMINARY LIMITED OFFICIAL USE

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SOUNDINGS ON A NEW WAGES POLICY INCLUDING THE "JONES INITIATIVE" (REFTEL). A MORE FORMAL MEETING BETWEEN THE TUC AND THE CBI WILL BE HELD TOMORROW NIGHT AT THE TUC HEADQUARTERS, ALTHOUGH IT IS BELIEVED THAT THE CBI HAS VERY SERIOUS RESERVATIONS ABOUT THE "JONES' INITIATIVE". (JONES' PROPOSAL IS ALSO FACING INTERNAL TUC OPPOSITION AS WELL, FOLLOWING THE STRONG OBJECTION TO IT BY HUGH SCANLON, PRESIDENT OF THE TUC'S SECOND LARGEST UNION, THE

AMALGAMATED UNION OF ENGINEERING WORKERS (AUEW). SCANLON SPEAKING AT AN AUEW CONFERENCE IN HASTINGS, DECLARED THAT HE SAW NO REASON TO CHANGE EXISTING SOCIAL CONTRACT WAGE GUIDELINES.) THE TUC GENERAL COUNCIL WILL BE MEETING NEXT WEEK TO DISCUSS A NEW WAGES POLICY IN THE LIGHT OF THE MEETINGS WITH THE PRIME MINISTER AND WITH THE CBI.

3. COMMENT. THE "EVENING STANDARD" TODAY TRIED TO SUM UP THE PROBLEM FACING THE GOVERNMENT. A GIANT HEADLINE READS: "TIME RUNS OUT FOR CABINET -AS WILSON CHAIRS NEDDY MEETING..." ALTHOUGH THIS MAY BE AN EXAGGERATION, VERY CRITICAL DISCUSSIONS ON THE ECONOMY ARE NOW UNDERWAY. RICHARDSON

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## Message Attributes

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